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09/404,518	09/23/1999	STUART SERKIN	09857/030001	8450
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**BEFORE THE BOARD OF PATENT APPEALS
AND INTERFERENCES**

Application Number: 09/404,518
Filing Date: September 23, 1999
Appellant(s): SERKIN ET AL.

Denis G. Maloney
For Appellant

EXAMINER'S ANSWER

This is in response to the appeal brief filed 3/14/2006
appealing from the Office action mailed 7/3/2003.

(1) Real Party in Interest

A statement identifying by name the real party in interest is contained in the brief.

(2) Related Appeals and Interferences

The examiner is not aware of any related appeals, interferences, or judicial proceedings which will directly affect or be directly affected by or have a bearing on the Board's decision in the pending appeal.

(3) Status of Claims

The statement of the status of claims contained in the brief is incorrect. A correct statement of the status of the claims is as follows:

This is an appeal from the decision of the Primary Examiner in an office action dated July 3, 2003, finally rejecting claims 1, 3-14, 16-20, all of the claims in the above application.

Claims 1, 3-14, 16-20 were rejected under 35 U.S.C §102(e), as anticipated by May U.S. Patent 6,421,653.

Claims 1, 3, 8, 11, 13, 14, 16, 18, 19 were rejected under 35 U.S.C §112, second paragraph, for lack of antecedent basis.

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(4) Status of Amendments After Final

The appellant's statement of the status of amendments after final rejection contained in the brief is correct.

(5) Summary of Claimed Subject Matter

The summary of claimed subject matter contained in the brief is correct.

(6) Grounds of Rejection to be Reviewed on Appeal

The appellant's statement of the grounds of rejection to be reviewed on appeal is correct.

(7) Claims Appendix

The copy of the appealed claims contained in the Appendix to the brief is correct.

(8) Evidence Relied Upon

6,421,653

May

10-1998

(9) Grounds of Rejection

The following ground(s) of rejection are applicable to the appealed claims:

Claims 1, 3-14, and 16-20 are rejected under 35 U.S.C. 102(e) as being anticipated by May (US 6,421,653)

May teaches:

Claim 1. A method of executing an order in a market system comprises:

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receiving an order from a customer of a market participant
(fig.12; order form);

for the order, checking if a market participant
identification associated with the order from the customer
matches a market participant identification representing a quote
in the system which is at the best bid or best offer price in
the system; and if the market participant identification matches
the market participant identification representing a best bid or
offer quote in the system (col.9, lines 31-53),.

matching off the customer order against the one of the best
bid or best offer quote of the matching market participant
identification that is at the opposite side of the market
irrespective of any other priority established for matching
orders in the system (col.12, lines 27-64., fig.32).

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Claim 2. (canceled)

Claim 3. The method of claim 1 wherein matching-off the order without regard to any priority is with respect to a time priority of other quotes in the system, at the opposite side of the market to the customer order (see order management functions, "to facilitate the canceling or temporarily suspending the order" col.35, line 3-col.36, line 28).

Claim 4. The method of claim 1 further comprising:
calling a cancel request to cancel a quote at the side of the market in which a matched off order will be executed ("order management function"; col.35, lines 48-52).

Claim 5. The method of claim 1 further comprising:
calling a cancel request prior to matching off the order to cancel a quote at the side of the market at which an matched off order will be executed ("order management function"; col.35, lines 48-52).

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Claim 6. The method of claim 1 further comprises routing the order to a market participant corresponding to said market participant that has the one of the best bid or best offer that is at the opposite side of the market (see "order management").

Claim 7. The method of claim 1 wherein the customer order is checked against proprietary quotes and agency quotes of a market participant identification representing a quote in the system which is at the best bid or best offer (method steps of fig.12).

Claim 8. The method of claim 1 further comprising:
receiving the internal book of the market participant to match-off against the market participant's posted agency or proprietary quotes (method steps of fig.12).

Claim 9. The method of claim 1 wherein receiving a customer order further comprises: receiving the order via an order execution system (fig.12).

Claim 10. The method of claim 1 wherein receiving a customer order further comprises: receiving the order via a negotiation order entry system (figs.18 & 19).

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Claim 11. A market system comprises:

an order execution process that receives orders and matches orders against quotes posted in the system on a time priority basis (figs.24-29);

an order match-off process that checks if a market participant identification associated with a received customer order matches a market participant identification representing a quote in the system that is at the best bid or best offer price in the system and if the market participant identification matches the market participant identification representing a best bid or offer quote in the system, matches off the customer order against the one of the best bid or best offer quote of the matching market participant identification that is at the opposite side of the market irrespective of an other priority established for matching orders in the system (col.9, lines 31-53., fig.29).

Claim 12. The system of claim 11 wherein the order match-off process further comprises: a process to execute the order against the one of the best bid or best offer that is at the opposite side of the market (col.35, lines 48-52).

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Claim 13. The system of claim 11 further comprising:

a process to request a cancellation of a quote at the side of the market in which an internalized order will be executed (col.35, lines 48-52).

Claim 14. The system of claim 11 further comprising:

a routing process to route an order to a market participant corresponding to the participant that has the one of the best bid or best offer that is at the opposite side of the market (fig 26).

Claim 15. (canceled)

Claim 16. The system of claim 11 further comprising:

a process to request a cancellation of a quote at the side of the market in which an internalized order will be executed (col.35, lines 48-52).

Claim 17. The system of claim 11 further comprising:

a routing process to route an order to a market participant corresponding to the participant that has the one of the best bid or best offer that is at the opposite side of the market (see order management).

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Claim 18. A computer program product

for operating a market system comprises instructions for causing a computer to: receive orders and match orders against quotes posted in the system on a time priority basis (fig.29, steps 600-608);

check if a market participant identification associated with a received customer order matches a market participant identification representing a quote in the system that is at the best bid or best offer price in the system (fig. 30, steps 620-634); and

match off the received customer order against the quote of the matching market participant identification at the opposite side of the market irrespective of any other Priority established for matching orders in the system (col.9, lines 31-53; fig.29).

Claim 19. The computer program product of claim 18 further comprising instructions to: request a cancellation of a quote at the side of the market in which an internalized order will be executed (col.35, lines 48-52).

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Claim 20. The computer program product of claim 18 further comprising instructions to: route the order to a market participant corresponding to the participant that has the one of the best bid or best offer that is at the opposite side of the market (see order management).

(10) Response to Argument

In response to the appellant's argument regarding claim 1 and that May does not describe at least "checking if a market participant identification associated with the order from the customer matches a market participant identification representing a quote in the system and matching off the customer order of the matching market participant identification that is at an opposite side of a market...irrespective of any other priority established for matching orders...". The appellant's attention is directed the following found in May:

*col. 9, lines 54 -57 ("The present invention also provides financial markets with electronic trading systems and methods for identifying possible counterparties and executing trades for forward rate agreement (FRA) switches and other financial products.")

*col. 10, lines 5-54 ("The systems and methods of the present invention are designed to reflect the fact that

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financial institutions operate under many different structures...Credit Over-Ride Process: This process enables a user to disclose his/her identity to a counterparty to see if they will accept a trade with him/her even though they initially refused him due to credit issues.")

*col. 30, lines 59-63, ("The viewer can attempt to trade by sending a message (thereby initiating the credit over-ride process) to the poster of the price which discloses the name and/or identity of the viewer, along with a mutual put maturity entered by the viewer.")

*col. 50, lines 22-25 ("The will-do-more feature does not necessarily check credit preferences once this process has begun because both users know the identities of each other at this point.")

*col. 50, lines 29-37 ("In this case, the system 10 enables the viewer to send a credit override message to the poster of the bid or offer whereby the sender of the credit override reveals his/her identity to the poster and asks the poster to reconsider whether or not the poster will do the requested trade with the viewer. In this case, the user which sent the credit override will be identified to the poster, but at no time will the sender of the credit override find out who they revealed themselves to.")

In the application by the Examiner of the definitions found in the disclosure regarding the limitations set forth in claim 1, and in particular the definition of market participant identification associated with the order, the Examiner would like to point out that as defined by the appellant market participant identification allows for the any form of identification such as numerical, alphabetical, alpha-numerical, computer code, and so on. As shown above, May references many modes of matching market participant identifications without regard to a priority. May further teaches matching market participants using credit preference data to allow the counterparties to identify which orders meet the eligibility requirements set forth by the system to trade. - see col. 5, lines 64-col. 6, line 2. In order to be able to trade even with priority given to credit preference data, there must be some way for the system to be able to identify the counterparties. As stated by May in col. 5, line 64-col. 6, line 1, "The market information provided to the user is 'coded' with credit preference data...Thus, the potential counterparties are then able to identify which orders they are eligible to trade based upon the coded credit preferences." [emphasis added].

Therefore, May clearly shows matching the trading orders of counterparties using market participant identifications

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associated with the order without regard to any priority. In order for any trade transaction to take place, there must be some form of identification whether it be computer code or the last name of the individual involved in the trade. As such, May discloses the limitations found in claim 1.

In response to appellant's argument that May does not teach to cancel quotes and in particular May does not teach to incorporate calling a cancel request to cancel a quote at the side of the market in which a matched off order will be executed. Appellant's attention is directed to col. 52, lines 41-50 ("The outstanding order blotter 320 also enables the user to quickly suspend (or refer) all of his/her active orders in the system 10, and then re-input them one by one or delete them as necessary. Yet further, the outstanding order blotter enables the trader to cancel one or all of his orders.").

In response to appellant's argument that May does not describe or suggest agency and principal quotes, the appellant's attention is directed to col. 41, lines 28-33 wherein May discloses ("The switch interface 400 enables the user to search through the market, and view possible trading combinations of his/her portfolio and combinations of his/her portfolio against positions from other counterparties which have been input into

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the system. This is referred to as position discovery.") May discloses that a trade can be matched to another outstanding position in a user's own portfolio. It is well known in the art that agency trades are trades that have only one agent acting on behalf of both the buyer and the seller and that principal orders are trades carried out by a broker-dealer which involves the buying and selling from its own account. Therefore, it is inherent that when a user considers trading combinations represented in the user's own portfolio that this is an agent or principal order and that the matching off process is occurring within the user's portfolio or from the brokerage firm's own inventory. Also, see col. 50, lines 56-59, col. 52, lines 10-14.

In response to the appellant's argument that May does not receive other entities' order books in claim 8. The appellant's claim 8 does not reflect this feature. Although the claims are interpreted in light of the specification, limitations from the specification are not read into the claims. See *In re Van Geuns*, 988 F.2d 1181, 26 USPQ2d 1057 (Fed. Cir. 1993). The claim states receiving an internal book of the market participant to match-off against the market participant's posted agency or proprietary quotes. There is no mention in the claim of receiving other entities' order books. Further, appellant's

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attention is directed to Figs. 12, 15, 16, 17 and cols. 33- 37 wherein May discloses various interfaces that display quotes and information regarding various financial instruments. May also discloses a client monitor. ("From the client monitor 330, the user has access to completed or canceled trades. Thus, the client monitor 330 enables the user to quickly see what orders have been executed or cancelled, and to look back over time to see previous days trades. Preferably, historical transactions will be available for one month via the client monitor 330.")- see col. 38, lines 7-10.

In response to the appellant's argument that May apparently does not match in time priority. The appellant's attention is directed to col. 37, lines 28-29 wherein May discloses ("Each order entered into the system 10 is placed into a queue based on price and time received.") May clearly states that matching orders is based on price and time priority. It would be in the best interest of the investor to buy and sell a stock based on best offer first, then on the time priority as disclosed by May.

In response to the appellant's argument that May does not teach to incorporate calling a cancel request to cancel a quote at the side of the market in which an internalized order will be executed. The appellant's attention is directed to col. 37 lines 60-67 wherein May discloses ("From the outstanding order

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blotter 320, the user may also place new orders and/or cancel a particular order in the market. Thus, the outstanding order blotter 320 gives the user the ability to manage his/her current passive orders in the market from a single interface. As with the market entry interface 250 and market detail interface 302, the user is provided with cancel all, cancel last, and refer all functions via the outstanding order blotter 320."). Further, May discloses ("The system 10 is designed to ensure that a user cannot execute a passive order which has been canceled or is no longer available.")-see col. 38, lines 49-51.

(11) Evidence Appendix

None.


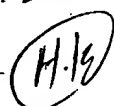
(12) Related Proceeding(s) Appendix

None.

For the above reasons, it is believed that the rejections should be sustained.

Respectfully submitted,

Conferees:

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